



March 8, 2019

VIA EMAIL AND ELECTRONIC FILING

Marlene H. Dortch, Esq.
Secretary
Federal Communications Commission
445 Twelfth Street, SW
Washington, DC 20554

RE: Notice of Ex-Parte - CG Docket Nos. 13-24, 03-123

Dear Ms. Dortch:

On March 6, 2019, Joseph Duarte, Co-CEO of InnoCaption, and Cristina Duarte, Director of Regulatory Affairs for InnoCaption, met jointly with the following individuals: Eliot Greenwald, Deputy Chief Disability Rights Office (“DRO”), Robert Aldrich, Legal Advisor, Consumer and Governmental Affairs Bureau (“CGB”), David Schmidt, TRS Fund Program Coordinator, Office of Managing Director (“OMD”) and Michael Scott, Attorney Advisor, DRO to discuss the impact of the IP-CTS rate cuts and to propose a tiered rate structure in response to the open IP-CTS Rulemaking Proceeding.¹

Impact of IP-CTS Rate Cuts

The recent IP-CTS rate cuts created substantial hardship for InnoCaption in terms of the Company’s ability to invest in itself to provide quality support to a growing user base. The upcoming rate cut further jeopardizes InnoCaption’s ability to staff the company accordingly. At InnoCaption, we have been steadily growing our user base and monthly call volumes. We operate a highly scalable business model that has allowed us to quickly reduce our average cost per minute. In fact, over the course of 2018, we estimate that our fully loaded cost per minute decreased by more than 20%. By the end of 2018, we were successful in bringing down our fully loaded cost, including allowable margin, below the \$1.95 IP-CTS reimbursement rate that was effective at the beginning of the year. However, the unexpected rate cuts for IP-CTS have made it difficult for us to execute on our business plan or invest in additional resources to sustain our growth and quality of service. Although we have been successful in realizing significant

¹ *Misuse of Internet Protocol Captioned Telephone Service; Telecommunications Relay Services and Speech-to-Speech Services for Individuals with Hearing Loss and Speech Disabilities*, Report and Order, Declaratory Ruling, Further Notice of Proposed Rulemaking, and Notice of Inquiry, FCC 18-79 (June 8, 2018) (“Order”)

efficiency gains, rates are declining one step ahead of us and continue to put us in an unprofitable position on a fully loaded cost basis.

InnoCaption emphasized these conditions contributed to the Company joining other providers in urging the Commission to retain the current interim \$1.75 compensation rate through at least June 30, 2020.² While InnoCaption does not believe a single rate will help preserve the long-term sustainability of the fund, InnoCaption does believe that retaining the current rate temporarily is essential to prevent disruption of quality IP-CTS service by providers while the Commission implements a long-term rate solution.

Proposed Tiered Rate Structure:

InnoCaption proposed a tiered rate structure (“the Proposal”) which the Company believes will: (1) encourage market competition by allowing the entry of new players into the IP-CTS marketplace; (2) allow every provider to generate a reasonable margin over their costs so long as they achieve efficiency gains which come with increased scale; and (3) drive down overall funding costs to preserve the long term viability of the fund.

The Proposal is based on the general structure and volume threshold of the Video Relay Service (VRS) tier system. The rates proposed were calculated using InnoCaption’s own cost projection analysis. Accordingly, InnoCaption made clear during the presentation while we believe the Proposal is fair, it is vital to ensure the rates allow for a reasonable margin in the overall industry. InnoCaption conservatively estimates the Proposal would save the Telecommunications Relay Services (TRS) Fund over \$170 million based on 2018/2019 call volume projections and would help drive efficiency gains across the industry.

This notice is filed in accordance with Section 1.1206(b) of the Commission’s rules.³

Respectfully Submitted,



Cristina O. Duarte
Director of Regulatory Affairs
MezmoCorp (dba InnoCaption)

CC: Eliot Greenwald
Robert Aldrich
Michael Scott
David Schmidt

² See IP-CTS Provider Rate Proposal, CG Dockets No. 03-123 & 13-24 (filed Feb. 28, 2019) (“Joint IP-CTS Proposal”).

³ 47 C.F.R. § 1.1206(b).